



[6705-01-P]

FARM CREDIT ADMINISTRATION

12 CFR Parts 615, 621, and 652

RIN 3052-AC75

Funding and Fiscal Affairs, Loan Policies and Operations, and Funding Operations; Accounting and Reporting Requirements; Federal Agricultural Mortgage Corporation Funding and Fiscal Affairs; GAAP References and Other Conforming Amendments

AGENCY: Farm Credit Administration.

ACTION: Direct final rule.

SUMMARY: The Farm Credit Administration (FCA, Agency, or our) is adopting technical amendments to various regulations to conform certain references to accounting standards in these rules to the Financial Accounting Standards Board (FASB) Accounting Standards Codification[®].

DATES: The regulation shall become effective upon the expiration of 30 days after publication in the Federal Register during which either or both Houses of Congress are in session. We will publish notice of the effective date in the Federal Register.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

I. Objective

The objective of this direct final rule is to carry out the FCA Board's commitment to the principles contained in the Board's Policy Statement on Regulatory Philosophy,¹ which includes the elimination of outdated regulations and technical amendments to ensure that regulations are accurate. In furtherance of this objective, the Agency is making a number of technical changes to amend the current regulations in parts 615, 621 and 652 to conform certain references in these rules to the FASB Accounting Standards Codification.

II. Background

On June 30, 2009, the FASB issued Statement of Financial Accounting Standards No. 168, "The Financial Accounting Standards Board Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No.

¹ See 70 FR 71142, November 25, 2005.

162" (SFAS 168), which established the Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied in the preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP). The Accounting Standards Codification restructured the numerous existing U.S. accounting and reporting standards and literature issued by the FASB and other related private-sector standard setters into a single source of authoritative literature. With the issuance of SFAS 168, all guidance contained in the Accounting Standards Codification carries equal authority, and accounting literature not included in the Accounting Standards Codification will be considered non-authoritative. Also, the issuance of SFAS 168 was not intended to, and did not, change current GAAP. The Accounting Standards Codification is effective for interim and annual periods ending after September 15, 2009.

III. Discussion

The issuance of the Accounting Standards Codification affects existing references in certain FCA regulations, bookletters and other forms of Agency guidance that refer to specific FASB standards and literature of other related private-sector standard setters, because these references

are now superseded by the Accounting Standards Codification. For this reason, on September 3, 2009, the FCA issued an Informational Memorandum² to clarify that, concurrent with the issuance of SFAS 168, references in FCA regulations, bookletters and other guidance to specific standards under GAAP should be understood to mean the corresponding reference in the Accounting Standards Codification as identified using the cross-reference finding tool included in the Accounting Standards Codification. The FCA stated in the Informational Memorandum that, as appropriate, it intended to initiate an effort to update the GAAP references. This direct final rule is a result of that initiative with respect to the FCA's regulations.

The amendments in this direct final rule result from a direct conversion of the prior GAAP reference to the corresponding reference in the Accounting Standards Codification. All of the amendments are technical in nature and none of the changes are intended to represent a substantive change in the underlying regulation.

IV. Certain Findings

Under the Administrative Procedure Act, a notice of proposed rulemaking is not required when the Agency, for

² See FCA Informational Memorandum, Financial Accounting Standards Board Accounting Standards Codification, dated September 3, 2009.

good cause, finds that notice and public comment are impracticable, unnecessary, or contrary to the public interest. These amendments are technical changes to eliminate obsolete terminology and revise reporting and disclosure requirements as necessary to achieve consistency between the Agency's compliance requirements and the FASB Accounting Standards Codification. It is unlikely that the public would have comments on such non-substantive, technical amendments, and the Agency therefore finds that it is unnecessary to publish notice of these amendments.

V. Direct Final Rule

We are amending regulations described in the text of amendments below by a direct final rulemaking. The Administrative Conference of the United States recommends direct final rulemaking for Federal agencies to enact noncontroversial regulations on an expedited basis, without the usual notice and comment period.³ This process enables us to reduce the time and resources we need to develop, review, and publish a direct final rule.

In a direct final rulemaking, we notify the public that the rule will become final on a specified date unless we receive a significant adverse comment during the comment

³ Recommendation 95-4, referencing the Administrative Procedure Act "good cause" exemption at 5 U.S.C. 553(b)(B), adopted June 15, 1995.

period. A significant adverse comment is one where the commenter explains why the rule would be inappropriate (including challenges to its underlying premise or approach), ineffective, or unacceptable without a change. In general, a significant adverse comment would raise an issue serious enough to warrant a substantive response from the Agency in a notice-and-comment proceeding.

We believe that a direct final rulemaking is the appropriate method for amending the regulations in Part I. above because the changes are technical in nature and do not substantively alter the rights or responsibilities of any party.

VI. Regulatory Flexibility Act

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 601 et seq.), the FCA hereby certifies that the direct final rule will not have a significant economic impact on a substantial number of small entities. Each of the banks in the System, considered together with its affiliated associations, has assets and annual income in excess of the amounts that would qualify them as small entities. Therefore, System institutions are not "small entities" as defined in the Regulatory Flexibility Act.

List of Subjects

12 CFR Part 615

Accounting, Agriculture, Banks, banking, Government securities, Investments, Rural areas.

12 CFR Part 621

Accounting, Agriculture, Banks, banking, Penalties, Reporting and recordkeeping requirements, rural areas.

12 CFR Part 652

Agriculture, Banks, banking, Capital, Investments, Rural areas.

For the reasons stated in the preamble, parts 615, 621 and 652 of chapter VI, title 12 of the Code of Federal Regulations are amended as follows:

PART 615--FUNDING AND FISCAL AFFAIRS, LOAN POLICIES AND OPERATIONS, AND FUNDING OPERATIONS

1. The authority citation for part 615 continues to read as follows:

Authority: Secs. 1.5, 1.7, 1.10, 1.11, 1.12, 2.2, 2.3, 2.4, 2.5, 2.12, 3.1, 3.7, 3.11, 3.25, 4.3, 4.3A, 4.9, 4.14B, 4.25, 5.9, 5.17, 6.20, 6.26, 8.0, 8.3, 8.4, 8.6, 8.8, 8.10, 8.12 of the Farm Credit Act (12 U.S.C. 2013, 2015, 2018, 2019, 2020, 2073, 2074, 2075, 2076, 2093, 2122, 2128, 2132, 2146, 2154, 2154a, 2160, 2202b, 2211, 2243, 2252, 2278b, 2278b-6, 2279aa, 2279aa-3, 2279aa-4, 2279aa-6,

2279aa-8, 2279aa-10, 2279aa-12); sec. 301(a) of Pub. L. 100-233, 101 Stat. 1568, 1608.

§ 615.5207 [Amended]

2. Amend paragraph (j) by removing the phrase, "covered by the definition of "accumulated other comprehensive income" contained in the Statement of Financial Accounting Standards No. 130, as promulgated by the Financial Accounting Standards Board" and adding in its place, the phrase "included in the component of equity referred to as "accumulated other comprehensive income" (or similar term) as provided by Financial Accounting Standards Board Accounting Standards Codification 220, Comprehensive Income, and pursuant to Financial Accounting Standards Board Accounting Standards Codification subparagraph 220-10-45-14".

§ 615.5301 [Amended]

3. Amend § 615.5301 by:

a. Removing the phrase in paragraphs (b)(5) and (i)(5), "covered by the definition of "accumulated other comprehensive income" contained in the Statement of Financial Accounting Standards No. 130, as promulgated by the Financial Accounting Standards Board" and adding in its place, the phrase "included in the component of equity referred to as "accumulated other comprehensive income" (or

similar term) as provided by Financial Accounting Standards Board Accounting Standards Codification 220, Comprehensive Income, and pursuant to Financial Accounting Standards Board Accounting Standards Codification subparagraph 220-10-45-14".

b. Removing the phrase in paragraph (j)(1) introductory text, "As set forth in Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as promulgated by the Financial Accounting Standards Board--" and adding in its place, the phrase "As set forth in Financial Accounting Standards Board Accounting Standards Codification Topic 815, Derivatives and Hedging--".

PART 621—ACCOUNTING AND REPORTING REQUIREMENTS

4. The authority citation for part 621 continues to read as follows:

Authority: Secs. 5.17, 8.11 of the Farm Credit Act (12 U.S.C. 2252, 2279aa-11); sec. 514 of Pub. L. 102-552.

§ 621.6 [Amended]

5. Amend paragraph (b) by removing the phrase, "Statement of Financial Accounting Standards No.15, Accounting by Debtors and Creditors for Troubled Debt Restructurings, as promulgated by the FASB", and adding in

its place, the phrase "Financial Accounting Standards Board Accounting Standards Codification Subtopic 310-40, Receivables--Troubled Debt Restructurings by Creditors".

PART 652--FEDERAL AGRICULTURAL MORTGAGE CORPORATION FUNDING
AND FISCAL AFFAIRS

6. The authority citation for part 652 continues to read as follows:

Authority: Secs. 4.12, 5.9, 5.17, 8.11, 8.31, 8.32, 8.33, 8.34, 8.35, 8.36, 8.37, 8.41 of the Farm Credit Act (12 U.S.C. 2183, 2243, 2252, 2279aa-11, 2279bb, 2279bb-1, 2279bb-2, 2279bb-3, 2279bb-4, 2279bb-5, 2279bb-6, 2279cc); sec. 514 of Pub. L. 102-552, 106 Stat. 4102; sec. 118 of Pub. L. 104-105, 110 Stat. 168.

5.0 [Amended]

7. Amend paragraph b. of Appendix A by removing the phrase "Financial Accounting Standards Board Interpretation No. 45 (FIN 45) Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" and adding in its place, the phrase "Financial Accounting Standards Board Accounting Standards Codification Topic 460, Guarantees".

Date: April 3, 2013. _____

Dale L. Aultman,
Secretary,
Farm Credit Administration Board.

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